



Bob Rivet
Executive Vice President,
Chief Financial Officer

December 13, 2007

Agenda

**2007: The
Good, the Bad
and the Ugly**

Guidance



First, The Ugly...

Lack of profits in all businesses

Negative cash flow from operations

Q107 distribution channel management

Server market share declines

Second, The Bad...

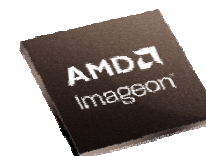
**Late to market with our server
Quad-Core product**



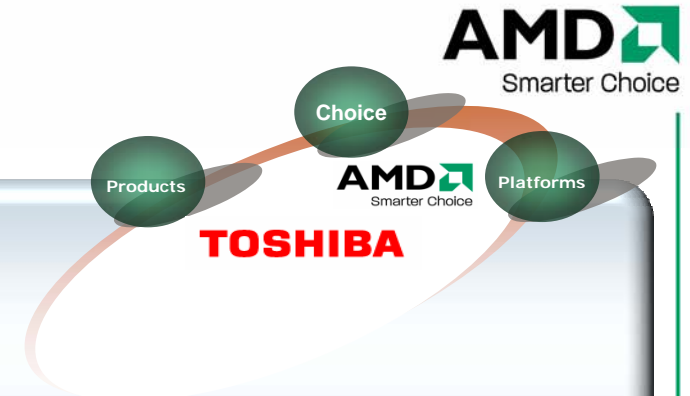
**Late to market with our
ATI HD2000 family of products**



**Handheld business deterioration due to
concentration on single Tier One OEM**



Third, The Good...



**Today, top five largest PC OEM's offer
AMD-based platforms**

- Toshiba offering commercial and consumer AMD-based notebooks



**Record number of design wins for new graphics
offerings at launch**



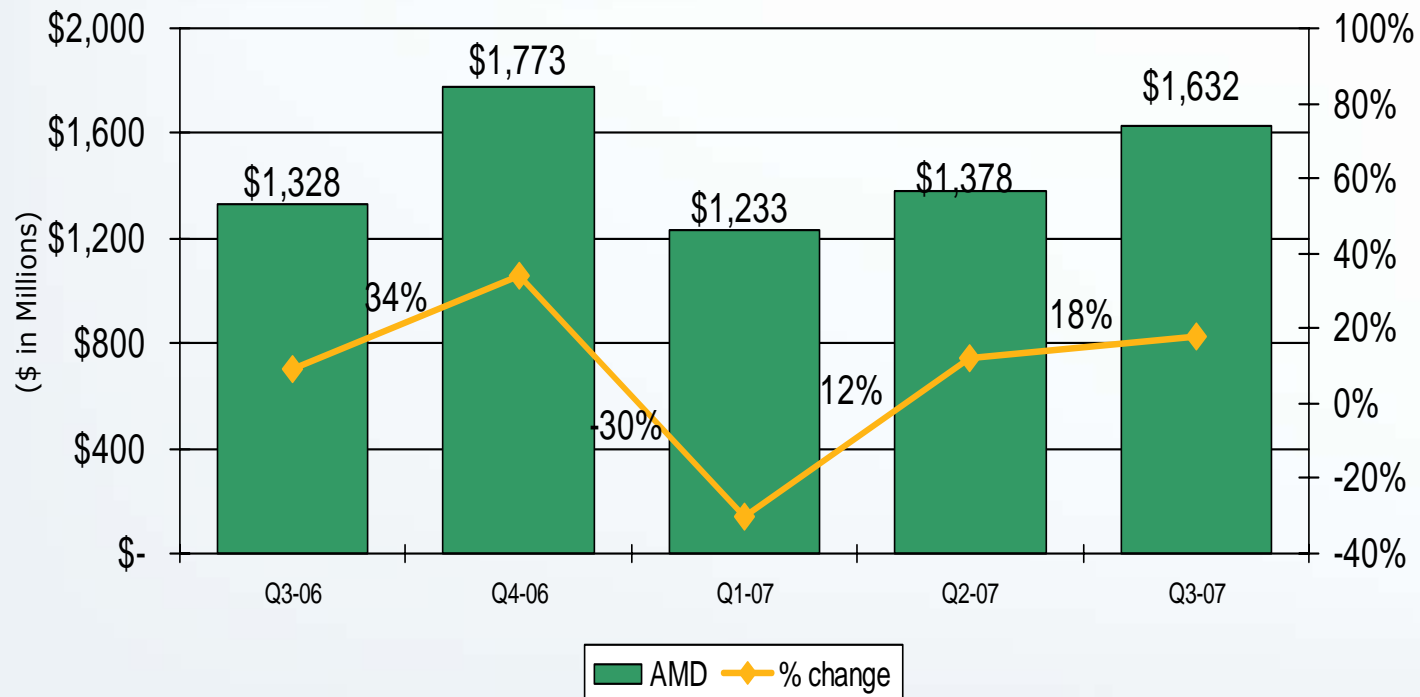
Outstanding 65nm ramp and yields from Fab36



**Record number of MPU's sold through
distribution channel, Q307**

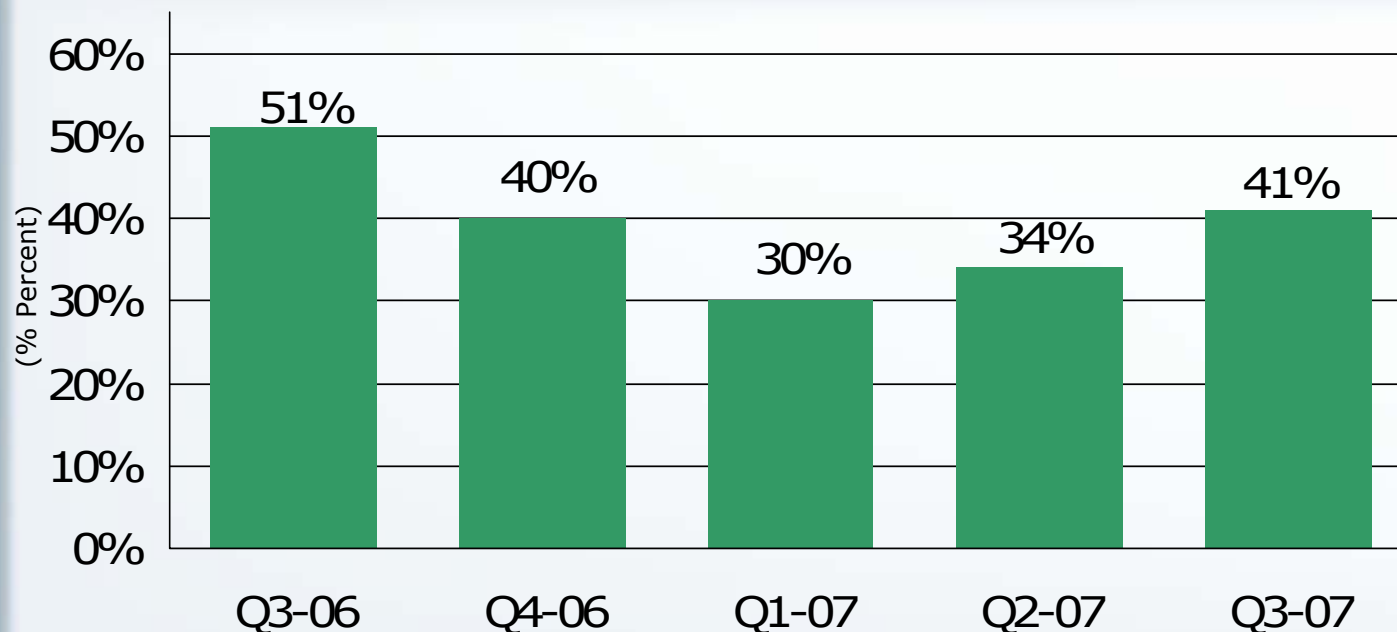
Improving Quarterly Metrics

AMD Quarterly Sales



Improving Quarterly Gross Margin Non-GAAP*

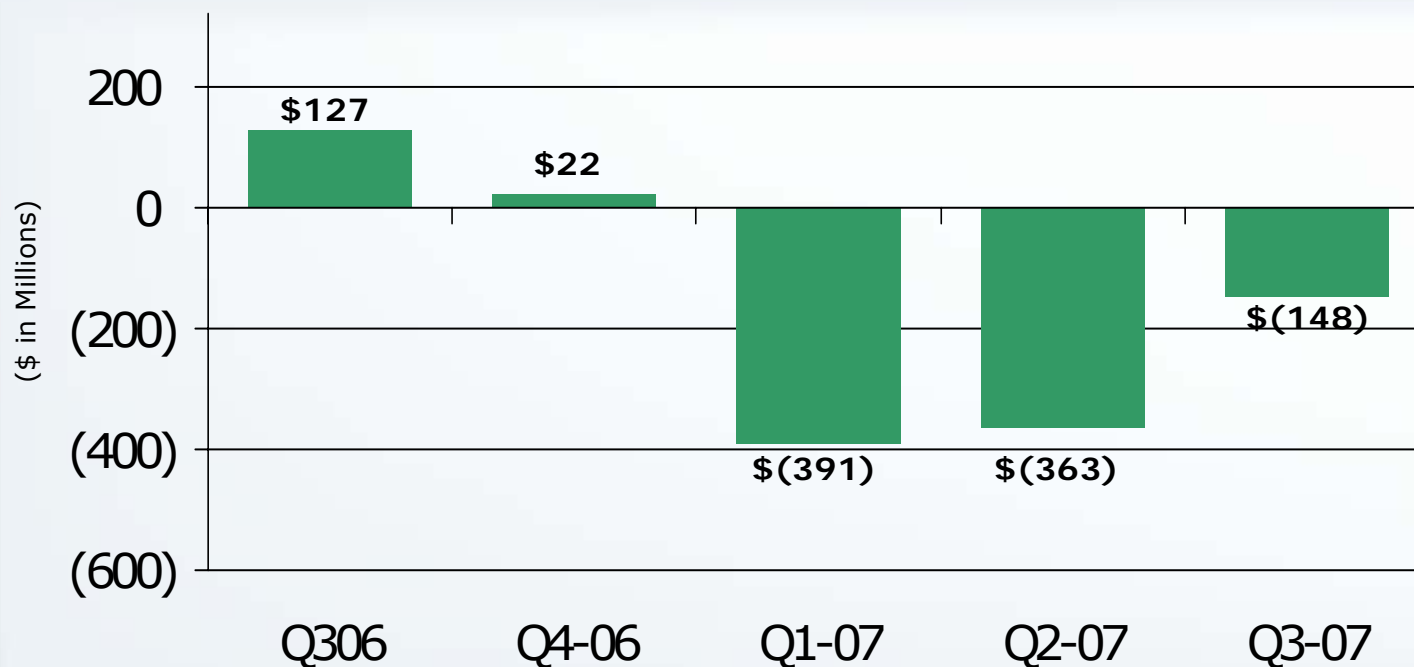
AMD Gross Margin



*Note: Q3-06 is GAAP and Q4-06 - Q3-07 are non-GAAP. See Appendix A.

Reducing Quarterly Operating Income (Loss) Non-GAAP*

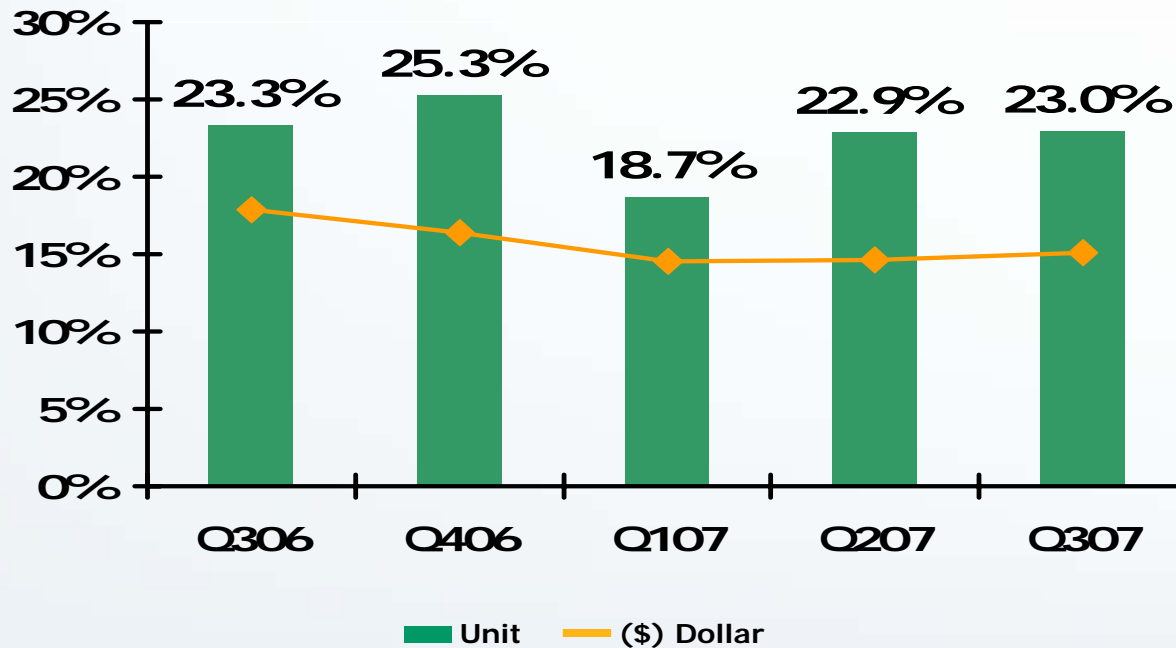
AMD Operating Income (Loss)



*Note: All periods are Non-GAAP. See Appendix A.

Maintaining Microprocessor Unit Share

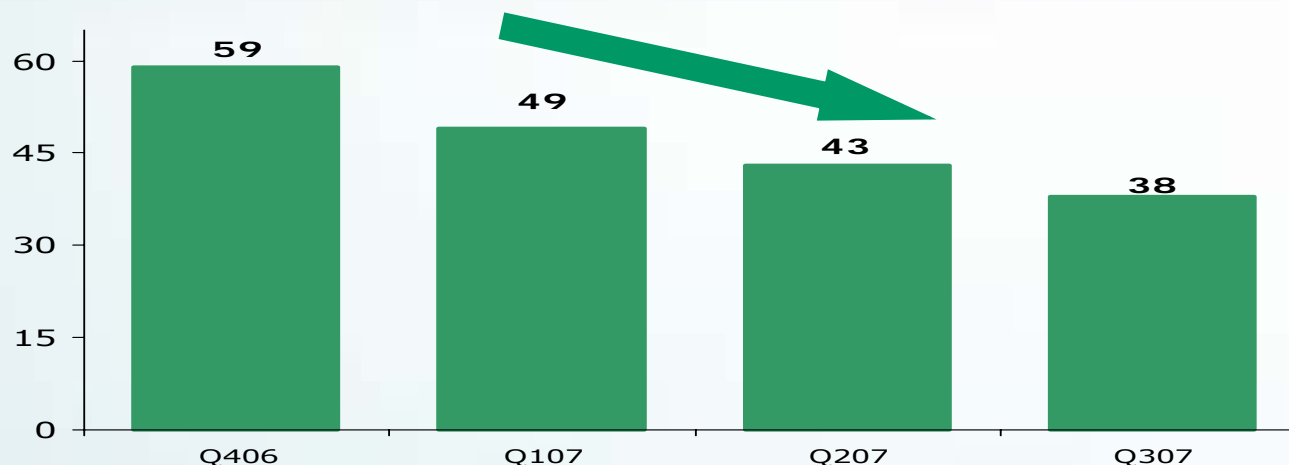
Total Unit MP Share



Source: PC Processors and Chipsets Q407 Report, Mercury Research

Cash Management and Working Capital Improvements

- **Decreased DSOs from 59 days in Q406 to 38 days in Q307 generating additional cash flow of ~\$400M**



- **Generated ~\$250M of non operational cash from:**
 - sale of portion of our Spansion investment;
 - some 200 millimeter tool sales; and
 - administrative asset sales.



Guidance

The Opportunities.....

Products

- AMD quad-core ramping across desktop and server
- Graphics performance leadership with 2008 product portfolio
- Focus on panel processor opportunity in the DTV space

Platforms

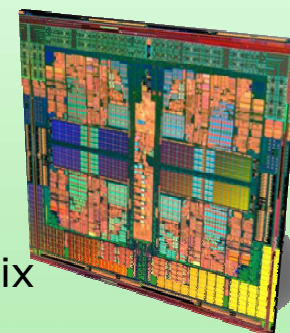
- Platform offerings driving richer mix of products pushing us into higher market opportunities

Penetration

- Expanding underdeveloped SMB, commercial client businesses
- Growing handheld business by securing new customers and expanding into new markets
- Penetration Workstation through next-generation FireGL products

Profits

- Transition to 45nm
- Higher ASPs due to richer product mix
- Cost and capital containment



Industry

- | | |
|-------------------------------|-------|
| – Microprocessor unit demand, | ~+15% |
| – Graphics unit demand, | ~+6% |
| – DTV unit demand, | ~+13% |
| – Handheld unit demand, | ~+8% |

AMD

- | | |
|-------------------------------|------------|
| – MPU unit growth, | ≥ industry |
| – Graphics unit growth, | > industry |
| – CE revenue growth (blended) | > industry |

Focus: Increase commercial MPU footprint
Improve MPU ASP
Drive platform strategy
GPU Gaming and stream computing opportunities
Expanding CE market footprint

Sources: AMD; MPU and GPU industry forecasts: Mercury Research PC Processor and Chipset Report, Mercury Research PC Graphics Report; DTV industry forecast: DTV: Display Search, Q3'07 Quarterly TV Electronics Report; and Handheld industry forecast: SIA World Semiconductor Forecast 2007-2010.

AMD: Targets, Non-GAAP*

	Last Four Quarters (Q406 – Q307)	Q307	2008 Targets	3-5 year Targets	2008 Focus Areas
Revenue (MM)	\$6,016	\$1,632			<ul style="list-style-type: none"> • MPU and GPU product refreshes • Increase CE footprint • Drive platform strategy • Gaming, stream computing
Gross Margin	37%	41%	46-50%	50-55%	<ul style="list-style-type: none"> • Richer product mix • Manufacturing efficiencies
R&D	29%	29%	25-28%	18-21%	<ul style="list-style-type: none"> • 45nm transition • Product development • Fab38 start-up
MG&A	22%	21%	16-19%	11-14%	<ul style="list-style-type: none"> • New product introductions
Operating Margin	-15%	-9%	Profitable	18-24%	

Source: AMD.

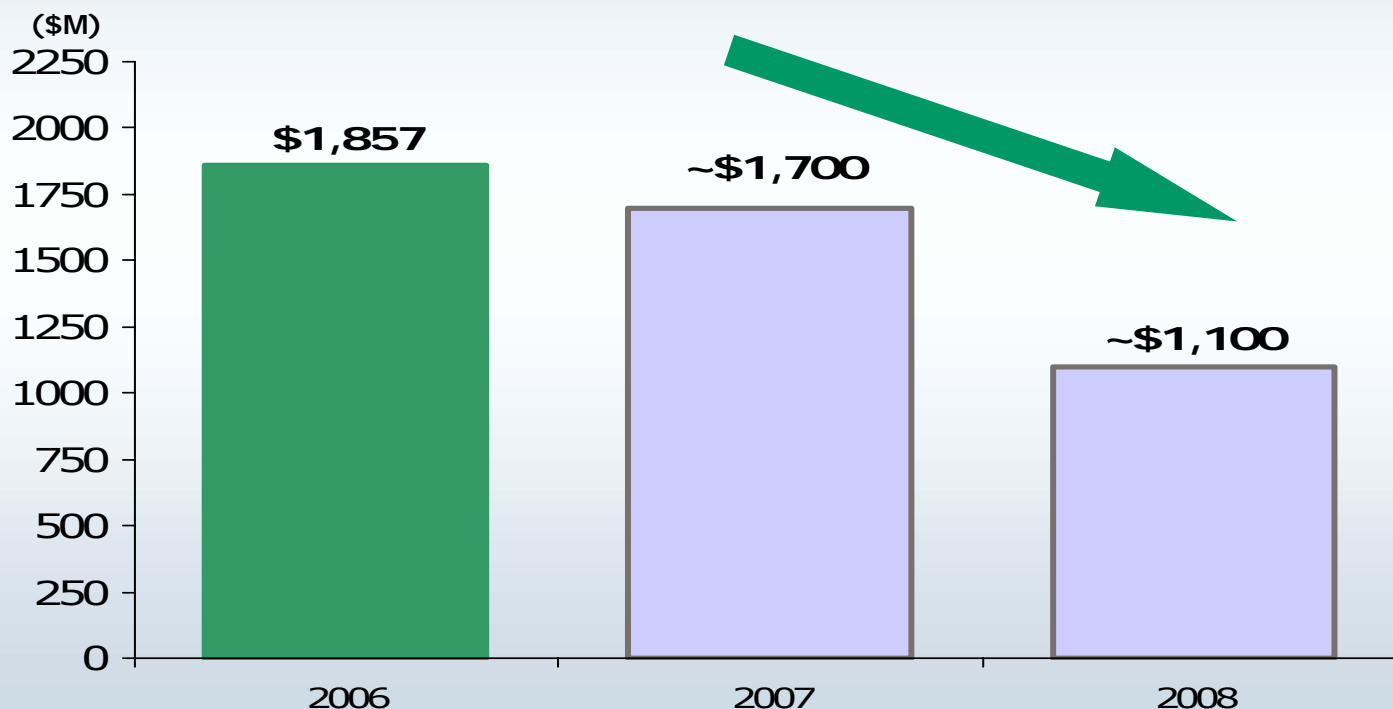
*Note: All periods are Non-GAAP. See Appendix A.

2008 Guidance

2008 Target

Capital Expenditures

~\$1.1Bn



2008 Guidance

	2008 Targets
Sales	Grow faster than the market
Gross margin	46-50%
Depreciation and amortization	~\$1.4Bn
R&D	25-28%
MG&A	16-19%
Stock Compensation Expense	~\$100M
Tax	~\$60M
Capital Expenditures	~\$1.1Bn
Free Cash Flow*	~neutral
Acquisition Related Charges	~\$250M

*Note: Defined as cash flow from operations less capital expenditures

Summary for 2008

Execution

Issues largely behind us, significantly better in 2008

Products

Refresh across all product lines

Cash Flow

Free cash flow neutral

Profitability

Every business will be profitable for the year

Appendix A: GAAP to Non-GAAP Reconciliation

Slide 8: Quarterly Income (Loss)



(\$M)	<u>Q3 06</u>	<u>Q4 06</u>	<u>Q1 07</u>	<u>Q2 07</u>	<u>Q3 07</u>
US GAAP Operating Income (Loss)	121	(529)	(504)	(457)	(226)
<i>US GAAP Operating Margin (%)</i>	<i>9%</i>	<i>-30%</i>	<i>-41%</i>	<i>-33%</i>	<i>-14%</i>
Cost of fair value adjustment of acquired inventory	-	62	29	-	-
In-process research and development	-	416	-	-	-
Amortization of acquired intangibles	-	47	71	71	71
Integration charges	6	26	13	7	5
Total acquisition-related charges	6	551	113	78	76
Severance	-	-	-	16	2
Non-GAAP Operating Income (Loss)	127	22	(391)	(363)	(148)
<i>Non-GAAP Operating Margin (%)</i>	<i>7%</i>	<i>1%</i>	<i>-32%</i>	<i>-26%</i>	<i>-9%</i>

Appendix A: GAAP to Non-GAAP Reconciliation

Slide 7: AMD Quarterly Gross Margin

Slide 14: AMD Targets



(\$M)	Q4 06	Q1 07	Q2 07	Q3 07	Last Four Quarters
I) US GAAP Gross Margin	641	347	461	669	2,118
<i>US GAAP Gross Margin (%)</i>	<i>36%</i>	<i>28%</i>	<i>33%</i>	<i>41%</i>	<i>35%</i>
Cost of fair value adjustment of acquired inventory	62	29	-	-	91
Total acquisition-related charges	62	29	-	-	91
Severance	-	-	2	-	2
Non-GAAP Gross Margin	703	376	463	669	2,211
<i>Non-GAAP Gross Margin (%)</i>	<i>40%</i>	<i>30%</i>	<i>34%</i>	<i>41%</i>	<i>37%</i>
II) US GAAP R&D Expense	385	432	475	467	1,759
<i>US GAAP R&D (%)</i>	<i>22%</i>	<i>35%</i>	<i>34%</i>	<i>29%</i>	<i>29%</i>
Severance	-	-	7	-	7
Non-GAAP R&D Expense	385	432	468	467	1,752
<i>Non-GAAP R&D (%)</i>	<i>22%</i>	<i>35%</i>	<i>34%</i>	<i>29%</i>	<i>29%</i>
III) US GAAP MG&A Expense	296	335	365	352	1,348
<i>US GAAP MG&A (%)</i>	<i>17%</i>	<i>27%</i>	<i>26%</i>	<i>22%</i>	<i>22%</i>
Severance	-	-	7	2	9
Non-GAAP MG&A Expense	296	335	358	350	1,339
<i>Non-GAAP MG&A (%)</i>	<i>17%</i>	<i>27%</i>	<i>26%</i>	<i>21%</i>	<i>22%</i>
IV) US GAAP Operating Income (Loss)	(529)	(504)	(457)	(226)	(1,716)
<i>US GAAP Operating Margin (%)</i>	<i>-30%</i>	<i>-41%</i>	<i>-33%</i>	<i>-14%</i>	<i>-29%</i>
Cost of fair value adjustment of acquired inventory	62	29	-	-	91
In-process research and development	416	-	-	-	416
Amortization of acquired intangibles	47	71	71	71	260
Integration charges	26	13	7	5	51
Total acquisition-related charges	551	113	78	76	818
Severance	-	-	16	2	18
Non-GAAP Operating Income (Loss)	22	(391)	(363)	(148)	(880)
<i>Non-GAAP Operating Margin (%)</i>	<i>1%</i>	<i>-32%</i>	<i>-26%</i>	<i>-9%</i>	<i>-15%</i>

Cautionary Statement

These presentations contain forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, assumptions and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. Forward-looking statements in these presentations relate to, among other things, product and technology introduction schedules, product features, future manufacturing capacity plans, manufacturing yields, manufacturing strategy, average selling price, gross margins and operating margins. The material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: that Intel Corporation's pricing, marketing and rebating programs, product bundling, standard setting, new product introductions or other activities targeting the company's business will prevent attainment of the company's current plans; the company will require additional funding and may not be able to raise funds on favorable terms or at all; the company's cost reduction efforts will not be effective; customers stop buying the company's products or materially reduce their operations or demand for its products; the company will be unable to develop, launch and ramp new products and technologies in the volumes and mix required by the market and at mature yields on a timely basis; the company's competitors, customers and suppliers may take actions that will negate the anticipated benefits of the company's acquisition of ATI; demand for computers and consumer electronics products and, in turn, demand for the company's products will be lower than currently expected; global business and economic conditions will worsen; there will be unexpected variations in market growth and demand for the company's products and technologies in light of the product mix that it may have available at any particular time or a decline in demand; the company will be unable to transition to advanced manufacturing process technologies in a timely and effective way, consistent with planned capital expenditures; the company will be unable to maintain the level of investment in research and development and capacity that is required to remain competitive; and the company will be unable to obtain sufficient manufacturing capacity or components to meet demand for its products or will under-utilize its microprocessor manufacturing facilities.

Because our actual results may differ materially from our plans and expectations today, we encourage you to review our filings with the Securities and Exchange Commission, including but not limited to the Quarterly Report on Form 10-Q for the quarter ended September 29, 2007.

Trademark Attribution

AMD, the AMD Arrow logo and combinations thereof are trademarks of Advanced Micro Devices, Inc. in the United States and/or other jurisdictions. Other names used in this presentation are for identification purposes only and may be trademarks of their respective owners.

©2007 Advanced Micro Devices, Inc. All rights reserved.